IN THE HIGH COURT OF JUDICATURE FOR RAJASTHAN AT JAIPUR BENCH JAIPUR.

ORDER
In
S.B. Company Petition No. 14 of 2006

IN THE MATTER OF THE COMPANIES ACT 1956
AND
IN THE MATTER OF SECTION 391 AND SECTION 394 OF THE COMPANIES ACT 1956
AND
IN THE MATTER OF SCHEME OF ARRANGEMENT
BETWEEN

Gillette India Limited
and
its Shareholders.

Date of Order : August 22, 2006

P R E S E N T

HON'BLE MR. JUSTICE SHIV KUMAR SHARMA

Mr. Paras Kuhad for the petitioner.
Mr. R.C.Meena, Official Liquidator

BY THE COURT

The petitioner Gillette India Limited, filed this petition under section 391 of the Companies Act, 1956 (hereinafter shall be referred to as the Act of 1956) for sanction of the Scheme of Arrangement between M/s. Gillette India Limited and its shareholders with the modification as set out in paragraph No. 21 of the petition, so as to be binding upon all the

shareholders of the petitioner company with effect from January 1, 2006.

2. Gillette India Limited (hereinafter shall be referred as the petitioner Company) is a company duly incorporated under the Indian Companies Act, 1913 on February 9, 1984 vide Certificate of Incorporation No.17-02890. The company was originally incorporated under the name of Indian Shaving Products Ltd. The name of the company was subsequently changed to Gillette India Limited.

3. The position authorized issued, subscribed and paid up capital of the petitioner company as on date is detailed out in para No.3 of the petition.

4.The main objects of the petitioner company as set out in the object clause of its Memorandum of Association, have been detailed out in para No.6 of the petition. The copy of the latest audited annual accounts of the petitioner company for the year ended on December 31, 2005 has been submitted as Annexure C to the petition.

5. That as a result of the worldwide merger of the Gillette Company USA and Aquarium Acquisition Corporation- a wholly owned subsidiary of Proctor and Gamble Company USA (P& G) the petitioner company has become part of the Proctor and Gamble Company with effect from October 1, 2005.

6. The company's best assessment of the facts before it, being part of P& G, presents an opportunity to accelerate its current growth and become more efficient by leveraging synergies arising out of merger. The areas of opportunities will cover, among others, access to a more efficient sales and distribution system; bigger scale of efficiencies and effectiveness with

supplier and media; use of best in class practices/ processes; operating under proven structure of P &G's global business services that encourage innovation and builds shareholder value. The Board of Directors in its meeting of January 15, 2006 approved the restructuring plan. The major restructuring steps are given in para 10 of the application. The restructuring exercise involves considerable estimated one time costs of Rs. 85,00,00,000 (rupees eight thousand five hundred lacs only) and will be incurred within eighteen to twenty four months from the appointed date. As the benefits of the restructure will be realised by way of improved operational efficiencies over a period of time, it is proposed to enter into the Scheme of Arrangement with the shareholders of the company to write off the one time business restructuring costs against the amalgamation reserve forming part of the Capital reserves of the company instead of charging the same to the profit and loss of the company. The savings and benefits resulting from the restructuring are expected to outweigh the costs. The restructuring is in the overall interest of the company.

7. The company vide the scheme of arrangement proposed to write off the one time costs against the amalgamation reserve forming part of the capital reserves of the company and the company has decided to present this restructuring proposal as a scheme under section 391 of the Companies Act with a view to provide for greater level of transparency and openness and to secure full involvement of the shareholders. The petitioner company in its Board meeting approved the scheme of arrangement.

8. In pursuance of the listing agreement the petitioner company has filed applications along with the copy of scheme of arrangement with the Stock Exchanges. The directors of the petitioner company have no material

interest in the proposed scheme of arrangement. The petitioner company has 15,295 shareholders. The company has no secured creditors. The restructuring does not involve either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid up capita. The creditors of the company are in no way affected by the proposed restructuring of the share capital as there is no reduction in the amount payable to any of the creditors. No proceedings under sections 235 to 251 of the Companies Act are pending pending against the petitioner company.

9. This Court on July 14, 2006, issued notice of this petition to the Regional Director Northern Region, Ministry of Company Affairs, NOIDA (UP) and also directed for publication of the same in two Newspapers- Dainik Bhaskar (Jaipur Edition) and the Hindustan Times (New Delhi Edition). The hearing of the petition was notified to be August 4, 2006.

10. The notices were sent for publication on July 18, 2006 to the Editors of Dainik Bhaskar (Jaipur Edition) and Hindustan Times (New Delhi Edition). The notice in the Dainik Bhaskar was published on July 24, 2006, whereas it was published in the Hindustan Times July 24, 2006. In response to the notice the Regional Director sent his affidavit to the sanction of scheme of Arrangement through Official Liquidator.

11. The Regional Director has made it clear in his affidavit that the Central Government has no objection to the proposed scheme of arrangement and it was prayed that this Hon'ble Court may decide the case on merits.

12. The petitioner Company filed Company Application seeking

direction for convening holding and conducting of separate meetings of the Equity Shareholders of the petitioner company. The said company application was registered as Company Application No.15/2006. This Court vide order dated May 19, 2006 directed to convene a meeting of the Equity Shareholders of the Company for the purpose of considering the scheme of arrangement and Shri Ashok Pareek Advocate was appointed as Chairman to conduct the said meeting. In pursuance to the order of this Court the notices were issued by the petitioner company in the Nespapers Dainik Bhaskar (Jaipur Edition) and Hindustan Times (New Delhi (Edition) The publications were effected on May 26, 2006. The meeting was held on June 22, 2006 at Bhiwadi. The meeting was attended by 52 shareholders personally or through proxy together to 28771730 equity shares amounting to Rs. 28,77,17,300 constituting 88.29% of the equity shareholders and 88.29 % in value. Mr. D.D.Sardana, member proposed a modification to the scheme which was accepted and approved and put before the members for voting by poll separately. The modification proposed reads as under :

> " Resolved that the amount of upto Rs. 85 crores to be debited to the Reconstruction Reserve Account under the Scheme shall not be treated as working charges under section 349 of the Companies Act, 1956 and accordingly shall not be deducted while working out the net profits for purposes of determining managerial remuneration."

13. The Chairperson reported the result of the meeting to this Court which has been submitted in this petition as Annexure H.

14. I have heard the learned counsel and the learned Official Liquidator on the question of sanction of arrangement with modification as suggested in para 21 of the petition. The Scheme of arrangement appears to be reasonable as the Regional Director Rakesh Chandra, Northern Region, Ministry of Company Affairs, Noida (UP), stated in the affidavit that the Central Government has no objection to the proposed scheme of arrangement.

15. For these reasons the petition stands allowed and the Scheme of Arrangement is sanctioned in terms of prayer (a). Costs of Rs. 2500/- to the Official Liquidator to be paid by the petitioner Company within two weeks from today. Certified copy of this order may be filed with the Registrar of Companies within 14 days from this date.

(SHIV KUMAR SHARMA)J.

Pareek/